

From the Commissioner



J.D. Hickey
Deputy Commissioner

Dear Tennessean,

The past year has brought perhaps the greatest amount of change to the TennCare Bureau since the expanded Medicaid program was launched in January 1994. Much of this change was borne out of necessity – the recognition that the “status quo” in TennCare was no longer sustainable. The good news is that we have turned the corner and the program is now stable and sustainable.

Our efforts this past year, though difficult, have produced the needed results:

- The program’s budget is balanced and is expected to stay that way for the foreseeable future
- Our managed care network has returned to its original risk-based model
- We have successfully won relief from several lawsuits allowing greater opportunity to run the TennCare program from the statehouse and not the courthouse

The pages of this report detail the design and operation of the TennCare program, including eligibility and enrollment information, overviews of the managed care network, budget figures and a summary of the reform initiatives that created the program Tennessee operates today. The report also highlights several notable accomplishments over the past year such as:

- Implementing dozens of pharmacy utilization control measures, expanding our drug purchasing power by joining a multi-state drug purchasing pool and increasing drug utilization review activities
- Launching five statewide disease management programs that target the most prevalent medical conditions of TennCare enrollees. These programs complement existing disease management efforts already in place within individual MCOs
- Aggressively managing the program to convert a \$650 million projected budget shortfall into a balanced budget

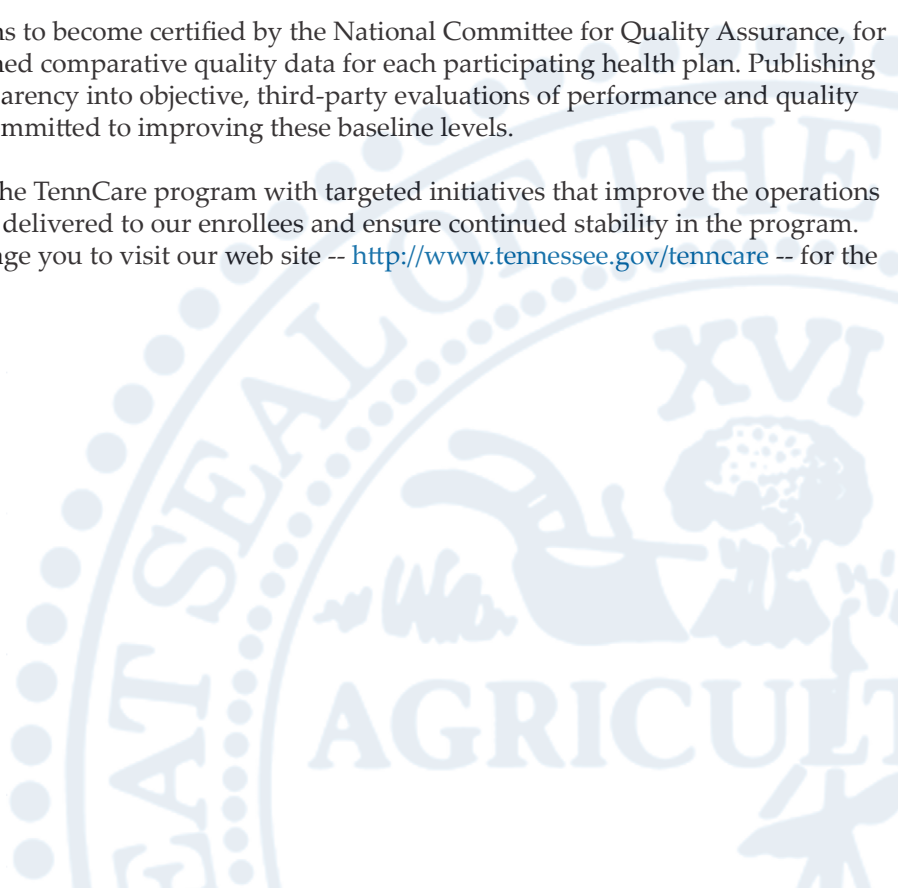
While much energy has been dedicated to reining in the finances of the program, significant progress was also made as a result of our renewed commitment to quality. This includes new initiatives to ensure our managed care organizations and their provider networks are continually improving the quality of care delivered to those covered by TennCare.

In addition to requiring all managed care plans to become certified by the National Committee for Quality Assurance, for the first time this past year the Bureau published comparative quality data for each participating health plan. Publishing this information allows unprecedented transparency into objective, third-party evaluations of performance and quality within the TennCare program. And, we are committed to improving these baseline levels.

In the coming year we will continue refining the TennCare program with targeted initiatives that improve the operations of the Bureau, improve the quality of services delivered to our enrollees and ensure continued stability in the program. As the program continues to evolve, I encourage you to visit our web site -- <http://www.tennessee.gov/tenncare> -- for the latest news, information and updates.

Sincerely,

J.D. Hickey
Deputy Commissioner
Director, Bureau of TennCare





TENNCARE

Bureau of TennCare 2004-05 Annual Report
State of Tennessee

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For more information on TennCare, please visit our web site at:
<http://www.state.tn.us/tenncare/>









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